

MSME Registration In India

Budget 2019 Announcement

GST registered MSMEs can get 2% interest subvention from Government for incremental loans of Rs 1 crores under the MSME Credit Scheme

MSME stands for **Micro Small and Medium Enterprises**. In a developing country like India, MSME industries are the backbone of the economy. The MSME sector contributes to 45% of India's Total Industrial Employment, 50% of India's Total Exports and 95% of all industrial units of the country and more than 6000 types of products are manufactured in these industries (As per msme.gov.in). When these industries grow, the economy of the country grows as a whole and flourishes. These industries are also known as small-scale industries or SSI's.

- What are Micro, Small and Medium Enterprise?
- MSME Registration Process
- Benefits of MSME Registration
- Information Required for MSME Registration
- MSME schemes launched by the Government are
- Even if the Company is in the manufacturing line or the service line, registrations for both these areas can be obtained through the MSME act. This registration is not yet made mandatory by the Government but it is beneficial to get one's business registered under this because it provides a lot of benefits in terms of taxation, setting up the business, credit facilities, loans etc.
- The MSME became operational on October 02, 2006. It was established to promote, facilitate and develop the competitiveness of the micro, small and medium enterprises.

What are Micro, Small and Medium Enterprise?

The existing MSME classification is based on the criteria of investment in plant and machinery or equipment. So, to enjoy the MSME benefits, the MSMEs have to limit their investment to a lower limit, as mentioned below:

Under the [Aatmanirbhar Bharat Abhiyan](#) (ABA), the Indian government has revised the MSME classification* by inserting composite criteria of both investment and annual turnover. Also, the distinction between the manufacturing and the services sectors under the MSME definition has been removed. This removal will create parity between the sectors. The following is the revised MSME classification*, where the investment and annual turnover, both are to be considered for deciding an MSME.

Revised MSME Classification

Criteria	Micro	Small	Medium*
Investment & Annual Turnover	< Rs.1 crore & Rs.5 crore	<< Rs.10 crore & Rs.50 crore	<< Rs.50 crore & < Rs.250 crore

MSME registration is done at the government portal of <https://udyamregistration.gov.in> New entrepreneurs need to click the button “For New Entrepreneurs who are not Registered yet as MSME” shown on the home page for registering MSME. New registration of MSME is done by entering the Aadhaar card number with or without PAN Card.

Registration With PAN Card

When clicked on the “For New Entrepreneurs who are not Registered yet as MSME” button on the homepage of the government portal, it opens the page for registration and asks to enter the Aadhaar number and the name of the entrepreneur. After entering these details, “Validate and Generate OTP Button” is to be clicked. Once, this button is clicked and OTP is received and entered, the PAN Verification page opens. If the entrepreneur has a PAN Card, the portal gets the PAN details from the government databases and automatically fills details on the page. The ITR details are to be filled by the entrepreneur.



PAN Verification

3. Type of Organisation / संगठन के प्रकार **4. Do you have PAN?** **4.1 PAN/ पैन**

1. Proprietary / एकल स्वामित्व Yes No *****

I, the holder of the above PAN, hereby give my consent to Ministry of MSME, Government of India, for using my data/ information available in the Income Tax Returns filed by me, and also the same available in the GST Returns and also from other Government organizations, for MSME classification and other official purposes, in pursuance of the MSMED Act, 2006.

Your PAN has been successfully verified. Some fields of the form will be disabled. Disabled fields will be automatically filled after verification from PAN data. GSTIN is mandatory for Udyam Registration from 01.04.2021. You are advised to apply for GSTIN immediately and update on this website by 31.03.2021, so as to avoid suspension of Udyam Registration.

The enterprises having exports and wanting to avail of the benefits accruing to the MSME sector must provide their PAN. Having PAN would be made mandatory even otherwise for all, with effect from 01.04.2021.

Have you filed the ITR for Previous Year(PY) (2018-19) ITR ? **4.2.1 ITR Type** **4.3 Do you have GSTIN ?**

Yes No ITR - 3, 5, 6 ITR - 4 Yes No

Note: If ITR has not been filed for PY (2018-19) for some reason or it has been filed in ITR-4 form all the data below will have to be filled in on self-declaration basis.
In case of option (NO) in respect of GSTIN, same would be verified from GSTIN.

Once PAN details are entered, a message appears as “Udyam Registration has already been done through this PAN” and the entrepreneur needs to click the “Validate PAN” button. After verification of PAN, the Udyam Registration box will appear and the entrepreneurs need to fill the personal details and details of the plant or industry.

Once the details are filled, the “Submit and Get Final OTP” button is clicked, the MSME is registered and a message of successful registration with reference number will appear. After verification of registration, which may take a few days, the Udyam Registration Certificate is issued.

Registration Without PAN Card

The button “For New Entrepreneurs who are not Registered yet as MSME” is to be clicked on the homepage of the government portal. It opens the page for registration and asks to enter the Aadhaar number and the name of the entrepreneur. After entering these details, “Validate and Generate OTP Button” is to be clicked. Once, this button is clicked and OTP is received and entered, the PAN Verification page opens. If the entrepreneur does not have a PAN Card, the “No” option under the heading “Do you have PAN?” is to be clicked and then the “Next” button.

Benefits of MSME Registration

1. Due to the MSME Registration, the bank loans become cheaper as the interest rate is very low around ~ 1 to 1.5%. Much lower than interest on regular loans.
2. It also allowed credit for minimum alternate tax (MAT) to be carried forward for up to 15 years instead of 10 years
3. Once registered the cost getting a patent done, or the cost of setting up the industry reduces as many rebates and concessions are available.
4. MSME registration helps to acquire government tenders easily as Udyam Registration Portal is integrated with Government e-Marketplace and various other State Government portals which give easy access to their marketplace and e-tenders.
5. There is a One Time Settlement Fee for non-paid amounts of MSME.

Information Required for MSME Registration

Aadhaar Card is the only document required for MSME registration. MSME registration is fully online and no proof of documents is required. PAN and GST linked details on investment and turnover of enterprises will be taken automatically by the Udyam Registration Portal from the Government databases. The Udyam Registration Portal is fully integrated with Income Tax and GSTIN systems. PAN and GSTIN number is mandatory from 01.04.2021 for registration. Registration without PAN and GSTIN can be done now but have to be updated with PAN number and GSTIN number within 01/04/2021 for avoiding suspension of registration. Those who have EM-II or UAM registration or any other registration issued by any authority under the Ministry of MSME, will have to re-register themselves in this Portal (as stated in the Registration Process heading above)

MSME Schemes

Technology And Quality Upgradation Scheme:

Registering in this scheme will help the micro, small and medium enterprises to use energy efficient technologies (EETs) in manufacturing units so as to reduce the cost of production and adopt a clean development mechanism.

Grievance Monitoring System:

Registering under this scheme is beneficial in terms of getting the complaints of the business owners addressed. In this, the business owners can check the status of their complaints, open them if they are not satisfied with the outcome.

Incubation:

This scheme helps innovators with the implementation of their new design, ideas or products. This scheme provides financial assistance for setting up 'Business Incubators'. This scheme promotes new ideas, designs, products etc.

Credit Linked Capital Subsidy Scheme:

Under this scheme, new technology is provided to the business owners to replace their old and obsolete technology. A capital subsidy is given to the business to upgrade and have better means to do their business. These small, micro and medium enterprises can directly approach the banks for these subsidies.

Frequently Asked Questions

Q. Is MSME updated to Udyam Registration?

A. Yes, MSME registration has been replaced with the Udyam Registration. If any micro, small and medium industries want to start any business; they need to do the registration with MSME/Udyam Registration. This registration with MSME/Udyam Registration is completely online. This facility provides the business with a lot of benefits and subsidies.

Q. Is aadhar card compulsory?

A. Yes. For registration under the Udyam registration, an Aadhaar card is compulsory. In case an applicant is other than the proprietor, the Aadhaar card of the partner and the director will be required.

Q. Can existing and new businesses both apply?

A. Yes, an existing and new business can apply for MSME/Udyam Registration, provided the existing unit is functioning and meets the threshold limits for registration. UAM Registration has to be re-registered for Udyam registration to avail the benefits of MSME.

Q. What is the validity of the certificate?

A. There is no expiry of the Udyam Registration Certificate. As long as the entity is ethical and financially healthy there will be no expiry of the certificate.

Q. Can trading companies register under MSME?

A. No. MSME covers only manufacturing and service industries. Trading companies are not covered by the scheme. MSME is to support startups with subsidies and benefits, trading companies are just like middlemen, a link between manufacturer and customer. Hence not covered under the scheme.

Q. Do I need multiple registrations for manufacturing plants in different cities?

A. No. The MSME/Udyam Registration Certificate is for a single entity irrespective of multiple branches or plants. However, information about multiple branches or plants must be furnished.



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सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय

अधिसूचना

नई दिल्ली, 1 जून, 2020

का.आ. 1702(अ).—‘सूक्ष्म, लघु और मध्यम उद्यम विकास अधिनियम, 2006 (2006 का 27) की धारा 7 की उप-धारा (9) के साथ पठित उप-धारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए तथा भारत के राजपत्र, असाधारण, भाग-II, खंड 3, उप-खंड (ii) में दिनांक 30 सितंबर, 2006 के सां. आ. 1642 (ई) के तहत प्रकाशित भारत सरकार, लघु उद्योग मंत्रालय की दिनांक 29 सितंबर, 2006 की अधिसूचना के अधिक्रमण में तथा ऐसे अधिक्रमण से पूर्व किए गए कार्य अथवा विलोपित किए जाने वाले कार्यों को छोड़कर, केंद्र सरकार एतद्वारा सूक्ष्म, लघु और मध्यम उद्यमों के लिए निम्नलिखित मानदंडों को अधिसूचित करती है, नामतः—

- सूक्ष्म उद्यम वह है जिसमें संयंत्र और मशीनरी अथवा उपस्कर में एक करोड़ रुपए से अधिक का निवेश नहीं होता है तथा उसका कारोबार पांच करोड़ रुपए से अधिक नहीं होता है;
- लघु उद्यम वह है जिसमें संयंत्र और मशीनरी अथवा उपस्कर में दस करोड़ रुपए से अधिक का निवेश नहीं होता है तथा उसका कारोबार पचास करोड़ रुपए से अधिक नहीं होता है;
- मध्यम उद्यम वह है जिसमें संयंत्र और मशीनरी अथवा उपस्कर में पचास करोड़ रुपए से अधिक का निवेश नहीं होता है तथा उसका कारोबार दो सौ पचास करोड़ रुपए से अधिक नहीं होता है।

यह अधिसूचना 01.07.2020 से लागू होगी।

[फा.सं. 2/1(5)/2019-पीएंडजी/नीति (खंड-IV)]

ए. के. शर्मा, सचिव

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES**NOTIFICATION**

New Delhi, the 1st June, 2020

S.O. 1702(E).—In exercise of the powers conferred by sub-section (1) read with sub-section (9) of section 7 of the 'Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) and in supersession of the notification of the Government of India, Ministry of Small Scale Industries, dated the 29th September, 2006, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section(ii), vide S.O. 1642(E), dated the 30th September 2006 except as respects things done or omitted to be done before such supersession, the Central Government, hereby notifies the following criteria for classification of micro, small and medium enterprises, namely:—

- (i) a micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) a small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees;
- (iii) a medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

This notification shall come into effect from 01.07.2020.

[F. No. 2/1(5)/2019-P&G/Policy (Pt.-IV)]

A. K. SHARMA, Secy.